

AMENDED IN ASSEMBLY JANUARY 13, 2014
AMENDED IN ASSEMBLY JANUARY 6, 2014
AMENDED IN ASSEMBLY SEPTEMBER 3, 2013
AMENDED IN ASSEMBLY MARCH 21, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 495

Introduced by Assembly Member Campos
(Coauthor: Assembly Member Dickinson)

February 20, 2013

An act to add Article 6 (commencing with Section 12099) to Chapter 1.6 of Part 2 of Division 3 of Title 2 to the Government Code, relating to community investment.

LEGISLATIVE COUNSEL'S DIGEST

AB 495, as amended, Campos. Community investment.

Existing law authorizes the Governor's Office of Business and Economic Development to, among other things, advance statewide economic goals.

This bill would establish the California Community Investment Program within the Governor's Office of Business and Economic development. The program would be governed by a 14 member California Community Investment Council comprised of 6 citizens appointed by the Governor, 4 members of the Legislature, the Treasurer, the Controller, the Secretary of the Business, Consumer Services, and Housing Agency, and the Director of the Governor's Office of Business and Economic Development, as specified.

The program would be required to create a database of low-income neighborhoods, compile and maintain an inventory of California public sector funding resources and financing mechanisms, coordinate public sector financial investment and public programs to assist low-income communities to become business, development, and investment ready, develop criteria for triple bottom-line equity funds, establish overall triple bottom-line goals and standardized metrics for economic, social, and environmental outcomes to be accepted by eligible investment funds, ~~survey counties and cities to identify and inventory local governments that want to partner with triple bottom-line investment funds to invest in low-income neighborhoods~~, establish and convene regular meetings of the California Community Investment Network comprised of organizations and institutions with expertise and resources to advise the California Community Investment Council and eligible investment fund managers, and report biannually to the Legislature and the Governor on the status and progress of the California Community Investment ~~Initiative~~ *Program* and performance on goals and triple bottom-line outcomes, as specified.

This bill would also make legislative findings and declarations.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 California Community Investment ~~Initiative~~ *Program*.
- 3 SEC. 2. The Legislature finds and declares all of the following:
- 4 (a) Despite having the largest state economy in the United States,
- 5 California has the highest poverty rate of any state, according to
- 6 the United States Census Bureau's new definition of poverty that
- 7 takes cost of living into consideration, with nearly a quarter of its
- 8 residents living in poverty.
- 9 (b) In this era of public budget constraints, public sector dollars
- 10 are insufficient to solve the problems of low-income
- 11 neighborhoods. Therefore, private sector market forces need to be
- 12 engaged to make substantial investments that produce a risk
- 13 adjusted market rate of return.
- 14 (c) Low-income neighborhoods constitute domestic emerging
- 15 markets with significant purchasing power and location
- 16 efficiencies, but suffer from social, public safety, broadband, and

1 physical infrastructure problems that contribute to market
2 prejudices that lead to disinvestment.

3 (d) To overcome these problems and market prejudices,
4 low-income neighborhoods need to become business, development,
5 and investment-ready through a partnership of government, private
6 sector, community, and environmental leaders focused on
7 generating coordinated, focused, effective human services, public
8 safety, broadband, workforce, education, and physical
9 infrastructure.

10 (e) A new class of real estate and business developments is
11 emerging that actively pursues economically, socially, and
12 environmentally responsible outcomes. These real estate and
13 business developments often are the result of investments from
14 private sector investment funds that generate market-rate returns
15 to investors, but are also committed to improving economic, social,
16 and environmental conditions and characteristics for the existing
17 residents in these neighborhoods. These private sector investment
18 mechanisms often are referred to as “triple bottom-line” investment
19 funds.

20 (f) Triple bottom-line investment funds and the real estate and
21 business developments resulting from them are helping to reduce
22 poverty and improve the social and environmental dynamics of
23 low-income neighborhoods. Triple bottom-line investments can
24 be encouraged and the benefits from them can be enhanced and
25 accelerated by coordinated assistance from existing State of
26 California programs and funding resources.

27 (g) Many low-income neighborhoods are at transit hubs or have
28 the transit and mixed-use characteristics in place to make
29 development in them more climate friendly than development
30 elsewhere.

31 (h) The State of California should encourage responsible
32 businesses and real estate developments to locate and do business
33 in business and development-ready low-income neighborhoods in
34 ways that solve economic, social, and environmental problems
35 rather than cause them.

36 (i) To accomplish this, the State of California intends to establish
37 the California Community Investment ~~Initiative~~ *Program* to assist
38 low-income neighborhoods by encouraging private sector
39 investment consistent with the economic development and
40 community improvement strategies of the cities, counties, and

regions where they are located. It is the intent of the State of California that such private sector investment is accomplished without permanent displacement of existing residents in low-income neighborhoods.

(j) *It is the intent of the Legislature that state agencies cooperate with the California Community Investment Program to align their resources to transform low-income neighborhoods and to attract private investments into these neighborhoods.*

SEC. 3. Article 6 (commencing with Section 12099) is added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, to read:

Article 6. California Community Investment ~~Initiative~~ Program

12099. For the purposes of this article, the following definitions shall apply:

(a) “Poverty” means the supplemental poverty measure, established by the United States Census Bureau in 2013 to incorporate cost of living in the established rate of poverty.

(b) “Triple bottom-line investment funds” include, but are not limited to, equity and debt investment vehicles that pursue market and above market rates of financial return while at the same time producing good jobs, affordable housing, and other economic, social, and environmental benefits for the residents of the communities where the investments are made.

12099.1. (a) The California Community Investment Program is hereby established within the Governor’s Office of Business and Economic Development.

(b) The program shall be under the direct authority of the director.

(c) The purpose of the program is to:

(1) Encourage private sector investment in low-income neighborhoods to improve the economic, environmental, and social conditions for the existing residents, thereby helping improve the overall economic, environmental, and social well-being for California.

(2) Serve investors, employers, corporate executives, business owners, and site location consultants who are considering low-income neighborhoods for business investment and expansion.

1 (3) Coordinate state programs and funding resources that can
2 be used to address poverty reduction in California and to assist
3 low-income neighborhoods to become business, development, and
4 investment ready.

5 (d) The California Community Investment Program shall be
6 supported and staffed by the Governor's Office of Business and
7 Economic Development using existing resources.

8 (e) In implementing the program, the director shall establish
9 and implement a process for establishing public education programs
10 and providing technical assistance to private sector investors.

11 (f) The California Community Investment Program shall be
12 governed by a 14 member California Community Investment
13 Council comprised of:

14 (1) Six persons appointed by the Governor, comprised of three
15 members with private sector business or investment expertise, two
16 members with community development expertise, and one
17 representative of organized labor.

18 (2) Four members of the Legislature, two from the Senate
19 appointed by the Senate Committee on Rules, one from each of
20 the two political parties with the most representatives in the Senate,
21 and two from the Assembly appointed by the Speaker of the
22 Assembly, one from each of the two political parties with the most
23 representatives in the Assembly. The members shall be nonvoting
24 members of the California Community Investment Council and
25 shall participate in the activities of the council only to the extent
26 that their participation is compatible with their respective positions
27 as Members of the Legislature.

28 (3) The Treasurer.

29 (4) The Controller.

30 (5) The Secretary of the Business, Consumer Services, and
31 Housing Agency.

32 (6) The Director of the Governor's Office of Business and
33 Economic Development, shall serve as chair of the council.

34 12099.2. The California Community Investment Program shall
35 do all of the following:

36 (a) Develop and annually update a database of low-income
37 neighborhoods in California by county and city with relevant
38 information about each neighborhood, including socioeconomic
39 demographic data, descriptions of pertinent characteristics to
40 inform private sector investments, such as local land use plans and

1 zoning or other development designations, and commitments from
2 local governments to support private sector investments. These
3 neighborhoods shall be known as California Community
4 Investment Neighborhoods. The California Community Investment
5 Council shall adopt criteria whereby an eligible low-income
6 neighborhood can become a California Community Investment
7 Neighborhood.

8 (b) Compile and maintain a current inventory of California
9 public sector funding resources and financing mechanisms that
10 may be allocated to or utilized in low-income neighborhoods with
11 a description of the amount of available funding, criteria for
12 allocation, and application and decisionmaking criteria. In doing
13 this, the California Community Investment Council shall use the
14 inventory of business incentives, public sector funding resources,
15 and financing mechanisms maintained by the Governor's Office
16 of Business and Economic Development and included in the State
17 of California Business Investment Guide. The inventory shall
18 include, but not be limited to, an assessment of the role and impact
19 of all of the following entities and programs on low-income
20 neighborhoods: *neighborhoods*.

21 ~~(1) California Department of Insurance's California Organized~~
22 ~~Investment Network.~~

23 ~~(2) Federal and State Low-Income Housing Tax Credit Program.~~

24 ~~(3) California Alternative Energy and Advanced Transportation~~
25 ~~Financing Authority.~~

26 ~~(4) California Pollution Control Financing Authority.~~

27 ~~(5) California Transportation Financing Authority.~~

28 ~~(6) Industrial Development Finance Authority.~~

29 ~~(7) The California Infrastructure and Economic Development~~
30 ~~Bank.~~

31 ~~(8) Health and Human Services Agency.~~

32 ~~(9) State Department of Education.~~

33 ~~(10) Natural Resources Agency.~~

34 ~~(11) Energy Commission.~~

35 ~~(12) Public Utilities Commission.~~

36 ~~(13) Local transportation authorities and the Transportation~~
37 ~~Agency, including all transportation funding proposed by the~~
38 ~~Department of Transportation or allocated by the California~~
39 ~~Transportation Commission for expenditure by state or~~
40 ~~metropolitan planning organizations.~~

1 ~~(14) Greenhouse Gas Reduction Fund administered by the~~
2 ~~California Environmental Protection Agency.~~

3 ~~(15) California Pollution Control Financing Authority.~~

4 ~~(16) Recycling Market Development Zone administered by~~
5 ~~CalRecycle.~~

6 (c) Coordinate public sector financial investment and public
7 programs to assist low-income communities that are eligible
8 California Community Investment Neighborhoods to become
9 business, development, and investment ready and to attract private
10 sector triple bottom-line fund investments. ~~These programs shall~~
11 ~~include, but not be limited to, the following purposes:~~

12 ~~(1) Economic development, including research and development,~~
13 ~~manufacturing, small business, and entrepreneurship growth and~~
14 ~~real estate development that generates in jobs.~~

15 ~~(2) Housing rehabilitation and construction.~~

16 ~~(3) School construction, education, and academic performance~~
17 ~~improvement.~~

18 ~~(4) Workforce preparation and training.~~

19 ~~(5) Public safety, community policing, crime prevention,~~
20 ~~rehabilitation, and probation.~~

21 ~~(6) Public health, social services, and other human services.~~

22 ~~(7) Mental health services.~~

23 ~~(8) Alcohol and other drug abuse prevention and treatment.~~

24 ~~(9) Recreation and community arts and music programs.~~

25 ~~(10) Transportation and other mobility infrastructure, including~~
26 ~~public transit, walkways, and bicycle paths.~~

27 ~~(11) Other infrastructure, including water, sewer, solid waste,~~
28 ~~recycling, and lighting.~~

29 ~~(12) Broadband deployment for high-speed Internet access,~~
30 ~~other information technology infrastructure, and smart grid.~~

31 ~~(13) Energy efficiency, weatherization, and renewable energy~~
32 ~~resources.~~

33 ~~(14) Environmental quality, resource recycling, community~~
34 ~~gardens, and local food sourcing services.~~

35 ~~(15) Homeless facilities and services.~~

36 (d) Develop and adopt criteria for identifying eligible triple
37 bottom-line investments funds that will serve as partners and invest
38 in enterprises and employers that generate permanent jobs,
39 including investments to assist in starting-up, locating, and
40 expanding employers in low-income neighborhoods. ~~These criteria~~

1 shall include the spirit and intent of the preponderance of the
2 following criteria as refined and adopted by the California
3 Community Investment Council:

4 (1) Commitment to locate investments in a low-income
5 neighborhood.

6 (2) Generation of living wage jobs with benefits for low-income
7 residents.

8 (3) Projected multiplier effect for generation of additional
9 employment.

10 (4) Provision of employment benefits, such as health care,
11 retirement plans, profit sharing, and employee stock ownership.

12 (5) Commitment to local hiring and job training.

13 (6) Engagement of local, women, and minority business
14 enterprises as suppliers and contractors.

15 (7) Development and sponsorship of employee training
16 programs, including job training and financial education.

17 (8) Provision of onsite or nearby child care for children of
18 employees.

19 (9) Use of green building design, construction, renovation, or
20 operations.

21 (10) Implementation of energy and other resource efficiency,
22 recycling, or pollution prevention programs.

23 (11) Deployment of broadband high-speed Internet access and
24 other information technologies to support and increase productivity
25 and reduce impacts on the environment.

26 (12) Implementation of workplace safety or effective ergonomic
27 programs.

28 (13) Engagement with the local community through volunteer
29 organizations, local school support programs, and other community
30 initiatives.

31 (14) Production of economically, socially, or environmentally
32 beneficial products and services.

33 (15) Receipt of green business certification.

34 (16) Production of Corporate Social Responsibility (CSR),
35 Corporate Sustainability, and Creating Shared Value (CSV)
36 reporting.

37 (e) Develop and adopt criteria for eligible triple bottom-line
38 investment funds that invest in real estate developments to assist
39 in constructing, expanding, renovating, and rehabilitating buildings
40 in low-income neighborhoods that accommodate all allowed land

1 use approved and permitted by the local government land use
2 regulations. ~~The criteria shall include the spirit and intent of the~~
3 ~~preponderance of the following, as refined and adopted by the~~
4 ~~California Community Investment Council:~~

5 ~~(1) Commitment to locate investments in a low-income~~
6 ~~neighborhood that benefit low-income residents.~~

7 ~~(2) Consistency of development with local government land~~
8 ~~use plans and alignment with local government priorities.~~

9 ~~(3) Generation of construction jobs with living wages and~~
10 ~~benefits.~~

11 ~~(4) Establishment of job training and apprentice programs for~~
12 ~~local residents.~~

13 ~~(5) Ownership or equity participation by a local, woman, or~~
14 ~~minority developer or use of local, women, or minority business~~
15 ~~enterprises as contractors or subcontractors.~~

16 ~~(6) Construction of affordable housing, especially as part of a~~
17 ~~larger mixed-income, mixed-use project to optimize synergies~~
18 ~~among land uses.~~

19 ~~(7) Generation of permanent living wage jobs.~~

20 ~~(8) Retention or generation of permanent living wage jobs.~~

21 ~~(9) Use of green construction materials and practices.~~

22 ~~(10) Incorporation of energy efficiencies, waste reduction, and~~
23 ~~renewable energy resources.~~

24 ~~(11) Implementation of smart development practices deploying~~
25 ~~broadband for high-speed Internet access for smart infrastructure~~
26 ~~and smart buildings, optimizing the utility of a smart grid.~~

27 ~~(12) Incorporation of a multimodal transportation system that~~
28 ~~optimizes walking, bicycling, public transit, and other strategies~~
29 ~~to reduce single-occupant vehicle trips.~~

30 ~~(13) Design of development consistent with the concept and~~
31 ~~principles for livable communities.~~

32 ~~(14) Accommodation of green and clean technology employers.~~

33 ~~(15) Implementation of low-impact development practices~~
34 ~~incorporating native vegetation, soil preservation, water use~~
35 ~~conservation, recycling and other efficiencies, and pervious~~
36 ~~pavement.~~

37 ~~(16) Incorporation of parks, recreational areas, open spaces, and~~
38 ~~other environmental amenities.~~

39 ~~(17) Accommodation of locations for small and local businesses.~~

1 ~~(18) Establishment of space for neighborhood organizations,~~
2 ~~community centers, child care centers, and other nonprofit~~
3 ~~community-based organizations.~~

4 ~~(19) Use of bioregional development practices connecting local~~
5 ~~and regional sustainable food production with urban consumption.~~

6 ~~(20) Acquisition of LEED certification for buildings and~~
7 ~~neighborhoods.~~

8 (f) Establish overall triple bottom-line goals and standardized
9 metrics for economic, social, and environmental outcomes that
10 shall be accepted by all eligible investment funds.

11 (g) Gather evidence and conduct public forums to identify a
12 broad array of incentives that will encourage triple bottom-line
13 fund investments in low-income neighborhoods and take the
14 following actions: *neighborhoods*.

15 ~~(1) Prepare a report to the Legislature and Governor.~~

16 ~~(2) Establish incentives for which there is existing legal and~~
17 ~~regulatory authority.~~

18 ~~(3) Recommend appropriate amendments to existing laws and~~
19 ~~regulations and work with the Legislature and the Governor to~~
20 ~~secure adoption.~~

21 (h) Survey counties and cities to identify and inventory local
22 governments that want to partner with triple bottom-line investment
23 funds to invest in low-income neighborhoods. This survey shall
24 determine if the local government has done any of the following:

25 ~~(1) Approved within the last 10 years a general plan, specific~~
26 ~~plan, or other land use plan or zoning regulation on which an~~
27 ~~investor can rely to govern and control development.~~

28 ~~(2) Identified local public funding or other resources that have~~
29 ~~been or will be committed to the low-income neighborhood to~~
30 ~~complement a triple bottom-line fund investment.~~

31 ~~(3) Designated a person to coordinate alignment of public~~
32 ~~resources and implementation of development plans with a fund~~
33 ~~manager.~~

34 ~~(4) Established county and city school integrated human services~~
35 ~~teams to serve the low-income neighborhood with goals and~~
36 ~~accountability to increase employment, improve education, reduce~~
37 ~~poverty, reduce crime, and improve health status.~~

38 ~~(5) Committed to cooperate in and assist with monitoring and~~
39 ~~tracking performance outcomes in the low-income neighborhoods.~~

40 (i)

1 (h) Establish and convene regular meetings of the California
2 Community Investment Network comprised of organizations and
3 institutions with expertise and resources to advise the California
4 Community Investment Council and eligible investment fund
5 managers.

6 (j)

7 (i) Report biannually to the Legislature and the Governor on
8 the status and progress of the California Community Investment
9 Initiative Program and performance on goals and triple bottom-line
10 outcomes pursuant to subdivision (f).

11 12099.3. (a) ~~The California Community Investment Program~~
12 ~~shall encourage significant private sector commitment, cooperation,~~
13 ~~and collaboration to invest private capital in low-income~~
14 ~~neighborhoods through eligible triple bottom-line equity funds~~
15 ~~with the goal of obtaining at least one billion dollars~~
16 ~~(\$1,000,000,000) of new investment by triple bottom-line~~
17 ~~investment funds in triple bottom-line real estate developments~~
18 ~~and businesses located in low-income California neighborhoods.~~
19 ~~The California Community Investment Program shall give priority~~
20 ~~consideration for award of state assistance from public resources~~
21 ~~and programs, herein identified, to low-income neighborhoods~~
22 ~~that adopt and implement strategies to become business,~~
23 ~~development, and investment ready and collaborate with the~~
24 ~~California Community Investment Program to attract investment~~
25 ~~by triple bottom-line funds.~~

26 (b) ~~The California Community Investment Council shall adopt~~
27 ~~criteria for an eligible triple bottom-line equity fund that shall~~
28 ~~include at least the following:~~

29 (1) ~~The fund shall be legally structured to comply with both the~~
30 ~~spirit and intent of the preponderance of the relevant criteria~~
31 ~~delineated in subdivisions (d) and (e) of Section 12099.2, as refined~~
32 ~~and adopted by the California Community Investment Council;~~
33 ~~including triple bottom-line goals and outcomes with explicit~~
34 ~~metrics.~~

35 (2) ~~The fund shall be managed by a reputable fund manager~~
36 ~~with a track record of experience and performance with triple~~
37 ~~bottom-line funds.~~

38 (3) ~~The fund shall attain a scale of at least one hundred million~~
39 ~~dollars (\$100,000,000) in capital.~~

1 ~~(4) The fund shall be committed to working with relevant local~~
2 ~~government jurisdictions to optimize the alignment of state public~~
3 ~~funding and resources and local government funding and resources.~~

4 ~~(5) The fund shall include experienced personnel to manage~~
5 ~~coordination with appropriate state and local government public~~
6 ~~funding or other resources. This shall be accomplished either by~~
7 ~~the fund manager or through a contractual relationship between~~
8 ~~the fund manager and an appropriate nonprofit organization.~~

9 ~~(6) The fund shall be organized to track performance and report~~
10 ~~metrics for triple bottom-line goals and outcomes.~~

11 ~~(e) The California Community Investment Program shall give~~
12 ~~priority consideration to working with triple bottom-line funds~~
13 ~~that meet the criteria established by the California Community~~
14 ~~Investment Council, with first attention to those funds with the~~
15 ~~largest amount of capital. The California Community Investment~~
16 ~~Program in the Governor's Office of Business and Economic~~
17 ~~Development shall assist funds meeting these criteria to identify~~
18 ~~and make appropriate investments in investment ready low-income~~
19 ~~communities and shall work with these funds to coordinate all of~~
20 ~~the appropriate state and local financial and programmatic~~
21 ~~resources to assist these investments to succeed.~~